

# TVA Fact Sheet

## Corporate Overview

TVA, a U.S. Government-owned corporation, is the nation's largest single power producer. TVA operates and maintains 28,417 megawatts of generating capacity and 17,000 miles of transmission line, and manages the nation's fifth largest river system for flood control, navigation and recreation. TVA supplies the energy needs of nearly 8 million people every day over a power service area covering 80,000 square miles, including most of Tennessee and parts of Mississippi, Alabama, Georgia, North Carolina, Virginia and Kentucky. No U.S. tax dollars support the TVA power system.



## Quick Facts

NYSE Symbols:	
Bonds	"TVA"
QIDS	"TVA" (Tn Vly QIDS 45, 8.0%) "TVB" (Tn Vly QIDS 46, 7.5%)
Total Revenue:	\$5.6 Billion
Total Assets:	\$33.7 Billion
Fiscal Year:	September 30
Ownership:	United States Government
Charter:	TVA Act - 1933
Board of Directors:	Craven Crowell, Chairman Johnny H. Hayes, Director William H. Kennoy, Director
Employees:	14,510
Geographic Area:	Southeastern United States
Core Businesses:	Electricity Generation Electricity Transmission Tennessee River System Management
Operations:	11 Fossil Plants (59 Units) 3 Nuclear Plants (5 Units) 29 Hydro Plants (109 Units) 4 Combustion Turbine Plants (48 Units) 1 Pumped Storage Plant (4 Units) 17,000 miles of transmission line
Average Wholesale Price:	4.14¢ kWh*
Wholesale Customers:	159 Municipal and Cooperative Distributors
Directly-Served Customers:	68 Large Industrial and Federal Accounts
Consumers:	Nearly 8 million

\*Average for October 1997 - January 1998

## TVA Service Area



# Investor Information

## New York Stock Exchange Symbols:

Bond Market Symbol: "TVA" (Power Bonds)  
Equity Symbols: "TVA" (Tn Vly QIDS 45, 8.0%)  
"TVB" (Tn Vly QIDS 46, 7.5%)

## Dividend Policy:

TVA has paid the United States Government, its owner, an uninterrupted cash dividend since 1959 as a market rate of interest return on the government's initial appropriation investment in TVA power facilities. In addition, TVA has reduced the Government's initial \$1.4 billion appropriation investment by \$20 million annually. The 1997 combined payment to the U.S. Treasury was \$61 million. Payments to the U.S. Treasury since 1959 have exceeded \$3.1 billion.

## Earnings Objective:

Consistent with its Federal Charter, TVA's objective is to deliver a reliable supply of power to its customers "at the lowest possible rates," as required by Congress in the TVA Act, so TVA operates much like a non-profit corporation. TVA also is required by statute and bond resolutions to achieve certain levels of earnings for the protection of its investors.

## Financing Objectives:

- Obtain cost effective financing rates
- Be customer driven
- Broaden the investor base
- Lengthen average maturity
- Maintain flexibility through optionality when feasible

## Investment Advantages:

- Wholly-owned by the U.S. Government
- Triple-A credit rating
- Bonds are state and local tax exempt
- Exclusive first pledge of payment from net power proceeds
- Bonds are eligible as collateral for Treasury tax and loan accounts
- Required by law to charge rates sufficient to ensure full payment of annual debt service
- Full discretion to set rates for electricity
- Bonds are legal investments for fiduciary, trust and public funds under the control of the U.S. Government

## Financial Highlights

(millions)

	1997	1996
Operating Revenues	\$ 5,552	\$ 5,693
Operating Expenses	(3,698)	(3,656)
Operating Income	1,854	2,037
Other Income (expense), net	157	(10)
Interest Expense	(2,003)	(1,966)
Net Income	\$ <u>8</u>	\$ <u>61</u>
Total Assets	\$ 33,684	\$ 34,029
Capitalization:		
Long-Term Debt	24,726	25,570
Proprietary Capital	<u>3,975</u>	<u>4,028</u>
Total Capitalization	\$ <u>28,701</u>	\$ <u>29,598</u>

## Core Business Characteristics

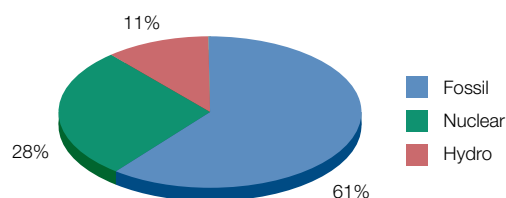
### Power Production

#### Peak Net Dependable Generating Capacity

Fuel Type	Number of Plants	Number of Units	MW
Fossil	11	59	15,014
Nuclear	3	5	5,625
Hydro*	30	113	5,384
Combustion Turbines	4	48	2,394
Total	48	225	28,417

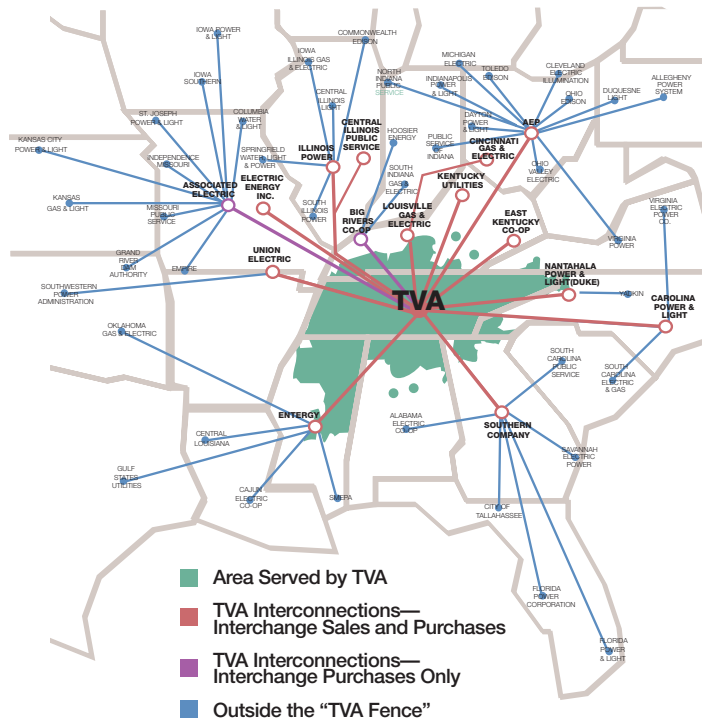
\*Includes pumped storage

### Generation Mix



## Transmission System

- 17,000 miles of transmission line
- Strong system reliability as measured by the minutes of “load not served” with an improvement of 26% over 1996 and the least amount of interruption time ever measured
- Well-positioned geographically to be a conduit for power transfers



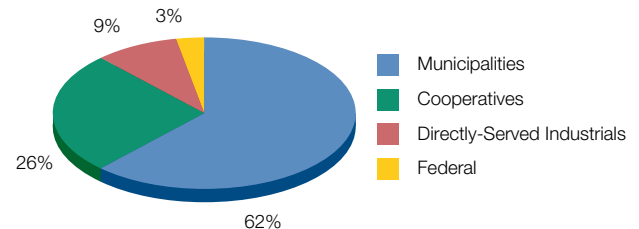
## Integrated Resource Management

- Produced TVA's second highest hydrogeneration output on record while meeting navigation and flood control needs through the use of TVA's integrated river management system
- Avoided flood damages on the lower Ohio and Mississippi rivers and averted major flood events on the Tennessee River system during 1997
- Experienced zero outages on TVA's navigation system, allowing businesses to save nearly \$450 million in shipping costs

## Customer Characteristics

TVA is a generator and provider of power for four major customer groups:

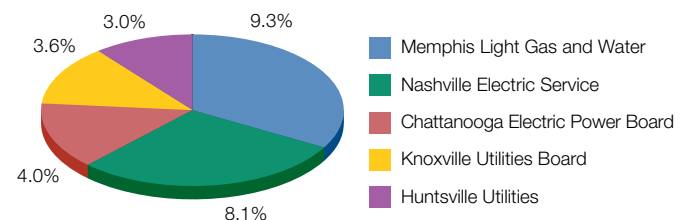
### Power Revenues by Customer



### Wholesale Customers

- 109 municipal and 50 cooperative power distributors
- Long-term contracts currently in place with all 159 power distributors
- Power distributors represent 88% of TVA's power revenues and 82% of TVA's total kWh sales

### The Top Five Power Distributors Represent 28% of Total Kilowatt-Hour Sales



### Directly-Served Customers

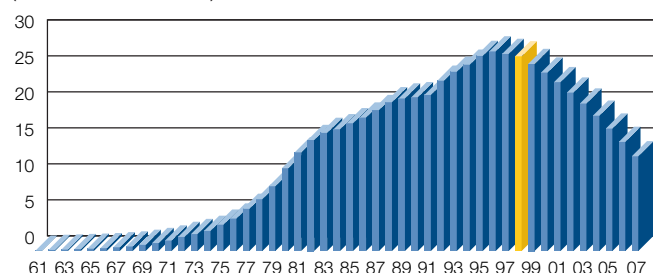
- 68 industrial companies and federal agencies
- Directly-served industries and federal agencies represent 12% of TVA's power revenues and 18% of TVA's total kWh sales
- Attracted to the TVA service area by TVA's low-cost, reliable power
- Solid mix of industry, including paper, chemicals, automotive and textiles

# Competitive Position

- Nation's single largest power producer
- Second lowest production cost among nation's top 50 utilities
- Average price of 4.14 cents per kilowatt-hour
- Announced a 10-Year Business Plan to reduce the debt by 50 percent by 2007
- Established a target of reducing the total cost of power by 15 percent by 2007 to meet the projected wholesale delivered market price of 3.5 cents per kilowatt-hour

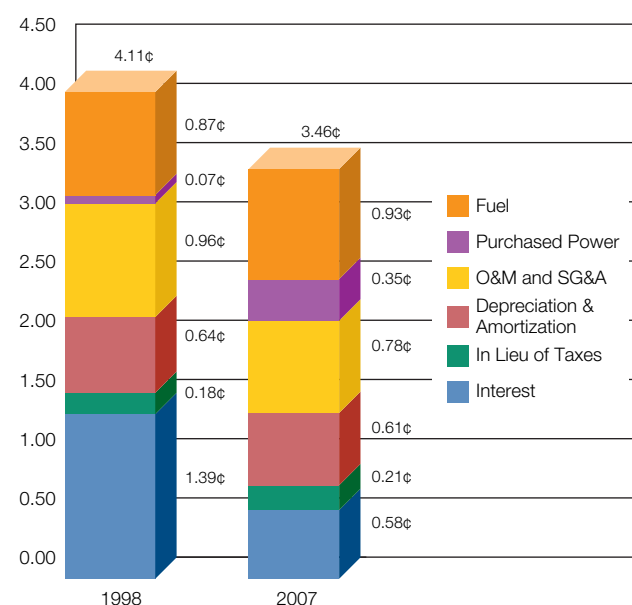
## TVA Debt

(Billions of Dollars)



## Average Cost of Power

(Cents per kWh)



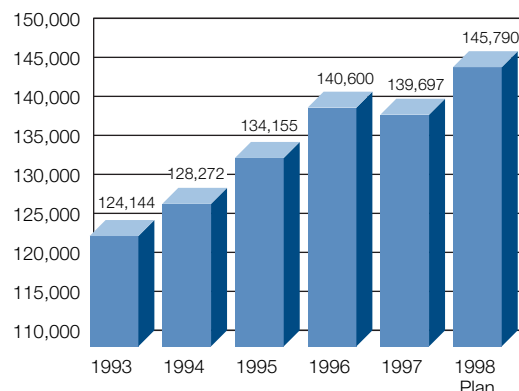
## Average Residential Prices

TVA	6.4¢ kWh
Region	7.4¢ kWh
Nation	8.5¢ kWh

Source: Energy Information Administration for October and November 1997

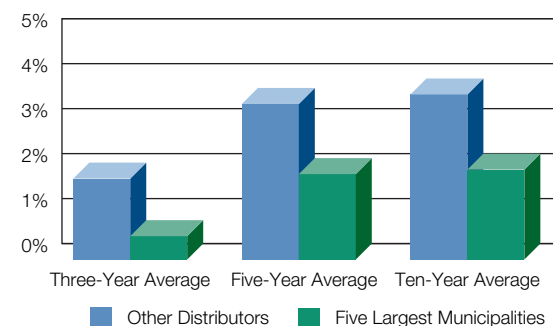
## Average Annual Electricity Sales

(Millions of kWh)



## Average Percent Change in Kilowatt-hour Sales

Five Largest Municipalities Compared to All TVA Power Distributors



## For more information, please contact:

Sylvia H. (Sissy) Caldwell  
 Manager, Investor Relations  
 Tennessee Valley Authority  
 400 West Summit Hill Drive  
 Knoxville, Tennessee 37902  
 Phone: 423-632-8073  
 Fax: 423-632-3225  
 E-mail address: [shcaldwell@tva.com](mailto:shcaldwell@tva.com)

## TVA homepage

[www.tva.com](http://www.tva.com)